

**DICKINSON COUNTY SANITARY
LANDFILL COMMISSION
INDEPENDENT AUDITORS' REPORTS
FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS
JUNE 30, 2021**

DICKINSON COUNTY SANITARY LANDFILL COMMISSION

TABLE OF CONTENTS

	<u>Page</u>
Officials	1
Independent Auditors' Report	2 - 3
Financial Statement:	
Statement of Cash Receipts, Disbursements, and Changes in	
Cash Basis Net Assets	4
Notes to Financial Statement	5 - 8
Independent Auditors' Report on Internal Control over Financial Reporting and	
on Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with Government Auditing Standards	9 - 10
Schedule of Findings	11 - 13

DICKINSON COUNTY SANITARY LANDFILL COMMISSION

OFFICIALS

<u>NAME</u>	<u>REPRESENTING</u>
Michael Meyers	City of Okoboji
Derrick Miner	City of West Okoboji
Linda Nase	City of Arnolds Park
Bonnie Tielbur	City of Wahpeton
LeAnn Reinsbach	City of Milford
Kevin Bice - President	City of Spirit Lake
Bill Maas	City of Orleans
Marie Matthiesen	City of Lake Park
Kim Wermersen	Dickinson County
Charles Vigdal - Secretary/Treasurer	



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Dickinson County Sanitary Landfill Commission
Milford, IA 51351

Report on the Financial Statement

We have audited the accompanying financial statement of the Dickinson County Sanitary Landfill Commission (Commission) as of and for the year ended June 30, 2021, and the related notes to financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of Dickinson County Sanitary Landfill Commission as of June 30, 2021 and the change in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of Dickinson County Sanitary Landfill Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickinson County Sanitary Landfill Commission's internal control over financial reporting and compliance.

Winther, Starnes & Co., LLP

October 13, 2021
Spencer, Iowa

FINANCIAL STATEMENT

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BASIS NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING RECEIPTS:	
Payments from landfill	\$ 35,409
Payments from local governments	<u>100,888</u>
TOTAL OPERATING RECEIPTS	<u>136,297</u>
OPERATING DISBURSEMENTS:	
Business-type activities	<u>100,361</u>
TOTAL OPERATING DISBURSEMENTS	<u>100,361</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	35,936
NON-OPERATING RECEIPTS:	
Interest income	<u>28</u>
CHANGE IN CASH BASIS NET ASSETS	35,964
NET ASSETS - CASH BASIS - BEGINNING OF YEAR	<u>27,990</u>
NET ASSETS - CASH BASIS - END OF YEAR	<u>\$ 63,954</u>
CASH BASIS NET ASSETS:	
Unrestricted	<u>\$ 63,954</u>
TOTAL CASH BASIS NET ASSETS	<u>\$ 63,954</u>

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dickinson County Sanitary Landfill Commission is an inter-governmental agency, established in accordance with the provisions of Chapter 28E of the State Code of Iowa. The purpose of the Commission is to continuously study and implement methods and means to efficiently, economically, and lawfully manage solid waste generated within each member city and the unincorporated portion of Dickinson County.

The governing body of the Commission is composed of one representatives from Dickinson County and one representative from each member City. The members of the Commission include Dickinson County and the Cities of Okoboji, West Okoboji, Arnolds Park, Wahpeton, Milford, Spirit Lake, Orleans, and Lake Park. The Commission receives a portion of the solid waste fees charged for usage by Waste Management which owns and operates Dickinson Landfill, Inc.

Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, account groups, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation, and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Basis of Accounting

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with accounting principles generally accepted in the United States of America.

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
NOTES TO FINANCIAL STATEMENT - Continued
JUNE 30, 2021

2. CASH AND INVESTMENTS

The Commission's deposits at June 30, 2021 were covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission's Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

3. CLOSURE AND POSTCLOSURE CARE COST

Since the Commission does not own and operate the landfill, the Commission is not required to complete a monitoring system plan and a closure/postclosure plan to comply with Federal and State regulations or to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure.

Since the Commission is not subject to these requirements, Governmental Accounting Standards Board Statement No. 18, which requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period, does not apply to the Commission.

4. RISK MANAGEMENT

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
NOTES TO FINANCIAL STATEMENT - Continued
JUNE 30, 2021

4. RISK MANAGEMENT - Continued

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2021 were \$3,924.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, policy professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recovieres, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
NOTES TO FINANCIAL STATEMENT - Continued
JUNE 30, 2021

5. LANDFILL OPERATOR CONTRACT

The Commission has entered into a contract with Waste Management Services, Inc. for recycling services. Waste Management collects a tonnage fee for all garbage that comes in at the landfill and then pays the fee to the commission to operate a recycling center locally. The Commission was paid \$35,409 in fees for these services during the year ended June 30, 2021.



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**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Dickinson County Landfill Commission
Arnolds Park, IA 51331

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statement of Dickinson County Sanitary Landfill Commission as of and for the year ended June 30, 2021 and the related notes to financial statement and have issued our report thereon dated October 13, 2021. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the commission's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or

significant deficiencies may exist that have not been identified. We consider the deficiency described in the accompanying Schedule of Findings as item I-A-21 to be a material weakness. We consider the deficiency described in the accompanying Schedule of Findings as item I-B-21 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statement of Dickinson County Sanitary Landfill Commission is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to the Findings

The Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Commission's responses were not subjected to the audit procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Wintner, Stave & Co, LLP

October 13, 2021
Spencer, Iowa

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
SCHEDULE OF FINDINGS

Part I: Findings Related to the Financial Statement

Internal Control Deficiencies:

I-A-21 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody, and recording of transactions are not under the control of the same person. This segregation of duties helps prevent losses from error or dishonesty.

Condition - One individual is primarily responsible for all recordkeeping and reconciling functions for the Commission. An independent person is not involved with these functions to any significant degree.

Cause - The Commission has no employees, and responsibilities assigned to management and Board members do not provide adequate segregation of duties. We noted that one person has primary control over receipt collection, posting, deposit preparation, cash disbursements, and reconciling.

Effect - Inadequate segregation of duties could adversely affect the Commission's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis in the normal course of performing assigned functions.

Recommendation - We realize segregation of duties is difficult with no employees. However, the Commission should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available representatives, including officials.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
SCHEDULE OF FINDINGS - Continued

Part I: Findings Related to the Financial Statements - Continued

Internal Control Deficiencies - Continued:

I-B-21 Financial Reporting

Criteria - A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the Commission's financial statements.

Condition - During our audit, we noted the Commission does not have a system of internal controls which includes steps to fully prepare financial statements and disclosures that are fairly presented in conformity with the cash basis of accounting.

Cause - As is inherent in many organizations of this size, the Commission has limited available management and personnel who, while knowledgeable and skillful, have the time to maintain the current knowledge and expertise to fully apply the cash basis of accounting in preparing the financial statements and the related disclosures.

Effect - Management of the Commission, in the normal course of performing their assigned functions, may not be able to prevent, or detect and correct, misstatements of the financial statements and the related disclosures on a timely basis.

Recommendation - The Commission should consider obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses.

Response - The Commission will consider obtaining additional knowledge where cost effective to help us better apply the cash basis of accounting.

Conclusion - Response accepted.

Instances of Noncompliance:

No matters were noted.

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
SCHEDULE OF FINDINGS - Continued

Part II: Other Findings Related to Statutory Reporting

- II-A-21 Questionable Expenses - We noted no expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-B-21 Travel Expense - No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
- II-C-21 Restricted Donor Activity - No transactions were noted between the Commission, Commission officials, and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- II-D-21 Commission Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- II-E-21 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.